



Representative Dan Stevenson

Wants you to know the facts about



Lake County Property Taxes

Dear Friends,

As a fellow Lake County resident, I understand the frustration with property taxes. In fact, my own property taxes have increased as well. Many of you have called or have written about this issue, and I feel it is important to pass along **correct information on what the legislature has done** to address this issue.

First of all, the new system of assessing property taxes was the result of a lawsuit filed by a homeowner in St. John Township here in Lake County which challenged the constitutionality of the previous system, not the result of the state legislature. With this in mind, **the legislature, over the past several years, took numerous steps to try to mitigate the impact of the court ordered change** in the way property taxes are assessed. These steps are described on the back of this postcard — including how the state surplus was used to provide tax relief.

Unfortunately, every time the legislature made positive steps to reduce property taxes, many local units of government (city, county, township and school) throughout the state increased their local spending. If not for the actions already taken by the legislature, your current tax bill would be 43 percent higher than what it is. This year we also passed legislation (opposed by most local units) to limit their annual spending increases.

I hope this information is helpful. I know this is a confusing issue, and I urge you to contact me with any questions or concerns in this matter.

Rep. Dan Stevenson

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History of Property Tax Legislation

Provided by Rep. Dan Stevenson

Court-Ordered Reassessment

A 1997 analysis by the State Board of Tax Commissioners of assessment practices in Lake County found that Calumet and North townships were the two most highly staffed and budgeted offices, yet they had two of the least accurate assessments in Indiana.

As a result of this study, the State Legislature passed House Bill 1902 in 2001. Due to persistent under-assessment and inconsistent values among similarly situated properties, the bill required the Indiana Department of Local Government Finance to perform the 2002 court-ordered reassessment for Lake County.

House Bill 1902 included several measures to help taxpayers including allowing local governments to use gaming revenue to reduce property tax levies and create an income tax circuit breaker to target relief to low-income homeowners.

Steel Industry and Taxes

In 2003 House Bill 1858 was passed. Despite what some have heard, House Bill 1858 had NO impact on the disputed 2002-PAY-2003 tax bills. This bill means that beginning with the 2004 taxes, US Steel will begin paying more in personal property taxes on their machinery and equipment than they are currently paying, adding an estimated \$268 million to taxes collected. With House Bill 1858, based on a tax rate of \$9 per \$100 of valuation, US Steel would pay approximately \$24 million more in personal property taxes for 2004 taxes.

Minimizing the Effect

In order to minimize the effect of the court-ordered reassessment, House Bill 1001 was passed during the 2002 session. This bill included an increased Homestead or Standard Deduction from \$6,000 to

\$35,000 and doubled the Homestead Credit from 10 to 20 percent. The bill also assumed a greater share of school funding through replacement of 60 percent of all general fund levies and maintained the 20 percent Property Tax Replacement Credit.

We passed legislation this year to increase property tax deductions for seniors on lower incomes, World War I veterans and spouses, the blind and disabled as well as those people rehabilitating historic properties.



Lake County Property Tax Distribution

In 2002, Lake County property tax revenues were distributed to:

Local Schools	35.35%
Cities and Towns	28%
Lake Co. Government	24.29%
Public Libraries	3.55%
Townships	3.37%
Other	5.39%
State of Indiana	0.04%

Relief Due to Restructuring

Lake County received additional state tax relief due to the 2002 Tax Restructuring:

Calendar Year 2002 (pre-restructuring)	\$140,804,227
Calendar Year 2003	\$190,024,186
Total Additional Tax Relief	\$49,219,959

What Happened to Indiana's Surplus?

Taxpayers across the state asked the legislature to return a portion of the surplus rather than keep such a large amount in savings and the legislature agreed. Since 1996, the state has returned over \$2.2 billion of the surplus to taxpayers through the following tax cuts:

Increase in Homestead Credit	\$381M
Personal Property/Inv Tax Cut	\$323M
Property Tax Deduction	\$111M
Dependent Child Exemption	\$232M
Low-Income Tax Credit	\$ 63M
Inheritance Tax Cut	\$ 59M
Renter's Deduction	\$ 22M
Repeal of State Add-back Req.	\$174M
Income Tax Cut for Seniors	\$ 18M
Unemployment Tax Cut	\$108M

Grand Total: \$2.263 Billion